

Hank Brady  
Staff Services Manager  
California Department of Resources Recycling and Recovery  
1001 I Street  
Sacramento, CA 95812

December 21, 2018

Dear Mr. Brady:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and summary (Form DF-131) for Proposed Regulation for Short-Lived Climate Pollutants, as required in California Code of Regulations, title 1, section 200(a)(1) for major regulations. Proposed text of regulatory amendments were not submitted, therefore comments are based solely upon the SRIA and other publicly available information.

The proposed regulations require state and local governments, waste haulers and facilities, and generators of edible food to divert at least 20 percent of edible food from disposal and send at least 75 percent of organic waste to compost facilities. This diversion would annually reduce emissions of at least 4 million metric tons of CO<sub>2</sub> equivalent (MMTCO<sub>2</sub>e) and annually prevent 14 MMTCO<sub>2</sub>e over the lifetime of waste decomposition. The decomposition of organic waste produces 21 percent of California's total methane emissions, and almost 2 percent of California's greenhouse gas emissions. The regulations will impose significant costs on rate-payers for waste collection services in order to construct new composting facilities and anaerobic digesters; the SRIA estimates direct costs from the proposed regulations to be \$20.9 billion between 2019 and 2030. While CalRecycle has an expanded enforcement role, the enforcement of most of the proposed regulation falls to localities, who are subject to reporting requirements. There are health benefits from avoided methane production, as well as sources of compost and biogas to offset costs. The benefits include reduced emissions overall, which puts less pressure on other sources of reductions that may be more costly.

Finance generally concurs with the methodology used to estimate impacts of proposed regulations, with one exception. The SRIA must include the annual breakdown of costs and benefits, rather than the sums over time as reflected in the tables. The SRIA includes an estimate that the direct statewide costs from 2019 to 2030 are approximately \$20.9 billion, but this includes the total phased-in construction costs as well as the ongoing maintenance and operational costs. However, additional detail on the construction costs and the number of facilities estimated to be phased in annually are not provided; these details are needed to provide transparency and for proper planning by governments and waste haulers and facilities. As these costs are likely to be front-loaded, but benefits back-loaded, financing may be a consideration.

These comments are intended to provide sufficient guidance outlining revisions to the impact assessment. The SRIA, a summary of Finance's comments, and any responses must be

included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change during the rulemaking process. If any significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,



Irena Asmundson  
Chief Economist

cc: Ms. Panorea Avdis, Director, Governor's Office of Business and Economic Development  
Ms. Debra Cornez, Director, Office of Administrative Law  
Mr. Eric Jarvis, Assistant Secretary for Administrative and Fiscal Affairs, California  
Environmental Protection Agency  
Mr. Ken DeRosa, Chief Deputy Director, CalRecycle  
Mr. Howard Levenson, Deputy Director, CalRecycle  
Ms. Brenda Smyth, Branch Chief, CalRecycle  
Mr. Timothy Hall, Senior Environmental Scientist, CalRecycle  
Ms. Cara Morgan, Branch Chief, CalRecycle